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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 01/09/08

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Prime Minister's schedule, January 8

NIKKEI (Page 2) (Full)
January 9, 2008

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09:01

Attended a cabinet meeting at the Kantei. Met Internal Affairs Minister Masuda and Vice Minister Takino.

10:14

Met Cabinet Affairs Office Director General Chishiro.

13:02

Attended a Lower House plenary session.

14:40

Met International Judicial Court Judge Owada.

15:08

Posed for a government publicity photo. Met Deputy Chief Cabinet Secretary Futahashi. Followed by Masuda and Regional Revitalization

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Office Head Yamamoto, with Assistant Deputy Chief Cabinet Secretary Saka present.

16:01

Met Chief Cabinet Secretary Machimura. Later, met Assistant Deputy Chief Cabinet Secretaries Saka and Ando, Finance Ministry Budget Bureau Director General Sugimoto, and others. Followed by Machimura, Assistant Deputy Chief Cabinet Secretaries Ando and Yanagisawa, and Cabinet Intelligence Director Mitani.

17:19

Attended a new year's meeting sponsored by Jiji Press, the Research Institute of Japan, and other organizations at the Teikoku Hotel.

17:39

Arrived at the Kantei.

19:42

Returned to his private residence.

- 4) Fukuda expresses eagerness in speech for resuming MSDF refueling operation

MAINICHI (Page 5) (Full)
January 9, 2008

Prime Minister Yasuo Fukuda delivered a speech at a New Year party held by Jiji Press Co. at a Tokyo hotel yesterday, in which he said: "Through my visits to foreign countries, I realized that they have strong trust in Japan and have high opinions about Japan. In view of such international circumstances It is vital that we move ahead steadily." The prime minister expressed his intention thus to push ahead with international cooperation, having in mind such efforts as the resumption of the Maritime Self-Defense Force's refueling

operations in the Indian Ocean.

Fukuda added: "Politics alone always seems to be blamed, so at such a point, I always hold myself accountable."

5) Lack of unity displayed in opposition camp over new antiterror bill in final stage

NIKKEI (Page 2) (Excerpts)
January 9, 2008

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A lack of unity has been displayed in the opposition camp in the final stage of deliberations on the government's new antiterrorism bill to resume the Self-Defense Force's refueling mission in the Indian Ocean. The cause of the disarray is a proposal presented by the Democratic Party of Japan (DPJ) with the aim of carrying the bill over to the ordinary Diet session. The main opposition party anticipated that if a vote on the bill was put off, the ruling camp would pass the bill by a two-third House of Representatives overriding vote without fail and that eventually, the ruling camp would come under heavy fire. Other opposition parties, however, unanimously opposed the DPJ proposal.

DPJ House of Councillors Chairman Azuma Koshiishi made this proposal in an executive meeting held on the night of Jan. 7. The opposition camp planned to reject the bill in a meeting of the Upper House Foreign Affairs and Defense Committee on the 10th and in an Upper House plenary session on the 11th. Even if a decision is made to carry the bill over to the next regular Diet session, the ruling camp will be able to bring back the bill into the Lower House for a revote on the 12th - 60 days after the bill was sent to the Upper House. The aim of the proposal was to underscore the ruling camp's high-handedness.

For a continued discussion on the bill, it will be necessary to take a vote at both the committee meeting and the executive meeting. Since the DPJ does not hold a single-party majority in the Upper House, Diet Affairs Committee Chairman Kenji Yamaoka called on his counterparts of other opposition parties in their meeting yesterday to render cooperation, remarking: "If the ruling bloc uses Lower House revote, its high-handed manner will be made clear."

But the Japanese Communist party, the Social Democratic Party, and the People's New Party expressed opposition to a continued discussion, based on the initial policy that they should vote it down in order to demonstrate the intention of the Upper House.

Meeting with DPJ President Ichiro Ozawa in the Diet building, SDP President Mizuho Fukushima: "We are against both the government's new antiterrorism bill and the DPJ counterproposal. We cannot agree on a continued discussion, either." Ozawa just said: "We must kill the bill," giving no clear-cut explanation about the party's proposal.

6) Upper House launches deliberations on DPJ antiterror counterproposal

MAINICHI (Page 2) (Full)
January 9, 2008

The House of Councillors' Foreign Affairs and Defense Committee carried out its first deliberations yesterday on the Democratic Party of Japan's (DPJ) counterproposal to the government's new antiterrorism bill that would enable the Maritime Self-Defense Force to resume its refueling mission in the Indian Ocean.

Masayoshi Hamada, a New Komeito member, said: "Why was (a counterproposal) presented in the final phase (of the current Diet session)? Is it (the DPJ) going to stall the deliberations?" Kiichiro Asao, the DPJ member who submitted the counterproposal, was hounded for an explanation: "Different from the position of being the government or the ruling camp, we took considerable time to draw it out."

Chief Cabinet Secretary Nobutaka Machimura critically commented: "The counterproposal specifies that no measures will be taken for the time being. What is the point in discussing a bill proposing no specific measures?" In response, Asao asserted: "We will work to help reform the security area and stop the strife (by armed groups in Afghanistan)."

7) SDF dispatch impossible for time being: DPJ

YOMIURI (Page 4) (Full)
January 9, 2008

The House of Councillors Foreign Affairs and Defense Committee met yesterday afternoon for its first debate on a counterproposal of the leading opposition Democratic Party of Japan (Minshuto) to a government-introduced antiterrorism bill resuming the Maritime Self-Defense Force's refueling mission in the Indian Ocean. The DPJ's counterproposal says Japan may send SDF troops to Afghanistan if there is a deal between disputed parties to stop their conflict. "There is still no such accord in Afghanistan," Keiichiro Asao, defense minister in the DPJ's shadow cabinet, stated before the committee. With this, he indicated that Japan cannot send SDF personnel to Afghanistan for the time being even if the DPJ's counterproposal is legislated.

8) Discussion of permanent SDF-dispatch legislation risks escalating into realm of political realignment: DPJ more eager for legislation than New Komeito

MAINICHI (Page 5) (Excerpts)
January 9, 2008

The government decided yesterday to earnestly begin working on establishing a permanent law that would set conditions for dispatching the Self-Defense Forces on overseas missions. The government's move comes from its desire to avoid Diet deliberations being stalled every time the envisaged new antiterrorism special measures legislation, a time-limited law, is to be extended. The major opposition Democratic Party of Japan (DPJ or Minshuto) is more eager to enact a permanent law than the New Komeito, the LDP's coalition partner, which is cautious about it. As such, the question of a permanent law that concerns the foundation of security involves the risk of escalating into the realm of possible political realignment.

Chief Cabinet Secretary Nobutaka Machimura in yesterday's House of Councillors Foreign Affairs and Defense Committee session said: "Under the current Diet situation, we would like to study ways to enact a permanent law early upon obtaining the DPJ's consent." He thus revealed a plan to ask for the DPJ's cooperation after conducting discussions in the ruling camp.

An agreement was reached on the establishment of a permanent law when Prime Minister Yasuo Fukuda held party-head talks with DPJ President Ichiro Ozawa last November. The DPJ also released late last year its counterproposal to the government's antiterrorism bill that mentioned the need for enacting basic legislation pertaining to security rules.

Enacting the new antiterrorism legislation has been hard-going in the ongoing extraordinary Diet session. The view that extending such

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legislation every year is not pragmatic is gaining ground and is behind the government and ruling parties' move to conduct full-fledged discussions on a permanent law. The LDP's defense policy subcommittee chaired by Defense Minister Shigeru Ishiba released in 2006 a draft of an international peace cooperation bill. The government and ruling parties will conduct discussions based on this bill.

9) Weapons-use standards the focal issue in planned permanent

SDF-dispatch legislation

YOMIURI (Page 4) (Abridged)
January 9, 2008

The government yesterday entered into coordination to establish a permanent law for Japan to send the Self-Defense Forces on overseas missions. A government-introduced antiterrorism bill, which is intended to resume the Maritime Self-Defense Force's refueling activities in the Indian Ocean, is now expected to be enacted into law within the week. "We're now ready to discuss the pending issue of establishing a permanent law," a government official said.

The government used to create a time-limited ad hoc law in order for Japan to send SDF troops for each overseas event. The planned permanent law is intended to quicken Japan's response to international peace cooperation activities.

The ruling coalition of the Liberal Democratic Party and New Komeito will set up a project team this month to create a permanent law, based on an international peace cooperation bill worked out in August 2006 by an LDP subcommittee.

The focus will be on the advisability of easing Japan's standards for the SDF's use of weapons.

The LDP subcommittee's draft bill substantially eases the current weapons use standards. It allows SDF personnel on overseas missions to use weapons to protect civilians and foreign troops when they are attacked within the area of SDF activities. In addition, it also allows SDF personnel to use weapons in order for them to carry out their missions. Within New Komeito, however, there are cautious views about easing the standards. Meanwhile, one New Komeito lawmaker admits the need for SDF personnel to use weapons to protect civilians and foreign troops. "Otherwise," this lawmaker added, "it will be difficult to work together with civilians."

The LDP subcommittee's draft bill also allows the government to send SDF troops overseas at its own discretion without a United Nations resolution or an international request. This point is also expected to be in focus for coordination.

10) Akiyama testifies in Diet as unsworn witness over defense-related scandals; Growing calls for putting end to issue in ruling coalition; Opposition camp calling for sworn testimony

TOKYO SHIMBUN (Page 2) (Full)
January 9, 2008

Naoki Akiyama, executive director of the Japan-U.S. Center for Peace and Cultural Exchange, yesterday testified as an unsworn witness before a Diet panel (in connection with allegations that the center received money from the scandal-tainted defense equipment trading

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firm Yamada Corp). A senior member of the ruling Liberal Democratic Party, however, said: "No problematical facts came up." Therefore, many in the LDP-New Komeito ruling coalition now think the opposition's pursuit ended in failure and expect that the curtain will be closed on the matter.

A former cabinet member from the LDP stressed: "Since there was no allegation against politicians, the issue will be settled." A veteran LDP lawmaker emphasized: "The Diet has its limits. Justice should shed light on the allegations."

A senior New Komeito member also said:

"The LDP seemed to have been worried. Since the allegations did not involve any cabinet ministers, there was thankfully no effect on the new antiterrorism special measures bill."

However, main opposition Democratic Party of Japan (DPJ or Minshuto) Diet Affairs Committee Chairman Kenji Yamaoka said: "Our doubts have deepened." The DPJ intends to call for sworn testimony by Akiyama at the ordinary Diet session.

Yamaoka told reporters yesterday: "Unless sworn testimony is conducted, the truth will not be cleared up. We want to do our best to drain the puss from the Defense Ministry in the ordinary session as well."

Japanese Communist Party Diet Affairs Committee Chairman Keiichi Kokuta stated: "It is necessary to shed light on the allegations through sworn testimony."

With Akiyama's denial that his center received funds from Yamada in mind, Social Democratic Party Chairperson Mizuho Fukushima pointed out: "The suspicions have deepened. We should take a scalpel to the allegations."

People's New Party Secretary General Hisaoki Kamei expressed the view that further pursuit would be needed, saying: "We are most interested in relations between Akiyama and politicians, and it has not been fully cleared up in the testimony."

11) MOFA decides to conduct in February inspection of Japan-U.S. Center for Peace and Cultural Exchange ahead of schedule

YOMIURI (Page 2) (Full)
January 9, 2008

The Ministry of Foreign Affairs (MOFA) yesterday decided to conduct in February a periodical on-the-spot inspection initially slated for this summer of the Japan-U.S. Center for Peace and Cultural Exchange, which was recently raided by prosecutors from the Tokyo District Public Prosecutors Office in connection with the defense scandal involving the defense contractor Yamada Corp. Behind this decision is MOFA's judgment that as a government office responsible for the Japan-U.S. Center, MOFA needs to shed light on the alleged money scandal involving the organization because its Executive Director Naoki Akiyama's relations with Yamada Corp. are questioned in the Diet.

The on-the-spot inspection is carried out in accordance with civil code and by mutual consent made at a cabinet ministerial meeting in 2001. MOFA will notify the Japan-U.S. Center of the date for the

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inspection by the end of the month and conduct the inspection.

In its previous inspection carried out from April through May of 2005, MOFA recognized the facts that the Japan-U.S. Center had been lax in its way of accounting, and that it had engaged in businesses not mentioned in its articles of incorporation. In September of that year, MOFA in the name of its minister instructed the Japan-U.S. Center to improve all these matters.

12) Chief Cabinet Secretary Machimura: Need for a review of construction costs for U.S. military housing to be built in Guam

SANKEI (Page 5) (Full)
January 9, 2008

Chief Cabinet Secretary Nobutaka Machimura at a press conference yesterday responded to the observation that the U.S. government's estimated construction amount of about 70 million yen per housing unit to be built in Guam for U.S. Marines being relocated from Okinawa is too expensive. He stated:

"We still need to boil down the issue. If we tap the private sector's vitality, the cost would be reduced. We should review fully how far we will be able to cut costs through competitive bidding."

13) PAC-3 deployment eyed for summit security

SANKEI (Page 1) (Slightly abridged)
January 9, 2008

Japan will host a summit meeting of the Group of Eight (G-8) nations in July this year at Toyako (Lake Toya) in Hokkaido. On that occasion, the Self-Defense Forces will be tasked with security

against terrorism and other eventualities. The Defense Ministry is planning to ready the SDF for a security setup going beyond that at the time of the Kyushu-Okinawa summit in 2000, sources revealed yesterday. The SDF will be readied to deploy airborne warning and control system (AWACS) aircraft. In addition, the SDF will also ready Patriot Advanced Capability 3 (PAC-3) ground-to-air guided missiles and step up its readiness to scramble interceptor fighters, according to the sources.

The Defense Ministry is going to gather information from other G-8 member nations about their security setups. At the same time, the ministry will also set up a G-8 summit taskforce in the Joint Staff Office of the Ground, Maritime, and Air Self-Defense Forces. The ministry is "studying every possibility," according to one of its senior officials.

The GSDF will be tasked with heliborne airlifts for G-8 leaders. In addition, the GSDF will also station its guards of honor upon their arrival. Learning a lesson from the Aum Shinrikyo 1995 sarin attack on the Tokyo subway system, the GSDF sent a chemical protective taskforce for the Kyushu-Okinawa summit. This time, the GSDF will ready a chemical protective taskforce from its Higashichitose garrison in Hokkaido. The GSDF is also planning to send the taskforce as needed to its Horobetsu garrison in the city of Noboribetsu, which is situated close to the G-8 summit venue.

Russian and Chinese leaders will also participate in the G-8 Lake Toya summit, so the Defense Ministry deems that the possibility of a ballistic missile attack is extremely low. Even so, the ministry

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will give first consideration to airborne warning, according to one of its senior officials. The ASDF currently deploys PAC-3 missiles at its Iruma base in Saitama Prefecture and at the GSDF's Narashino garrison in Chiba Prefecture. The ministry plans to have ASDF PAC-3 batteries sealifted to Hokkaido on MSDF transports for deployment to GSDF garrisons near Lake Toya.

The MSDF is also planning to task its squadrons with warning activities at sea as it did at the time of the Kyushu-Okinawa summit. The MSDF has plans to send missile boats and helicopter destroyers to Uchiura Bay near Lake Toya and to stage Aegis-equipped ships in the Sea of Japan and in the Pacific Ocean.

14) Fukuda, Ozawa finally to face off in debate today

MAINICHI (Page 2) (Slightly abridged)
January 9, 2008

Prime Minister Yasuo Fukuda and Democratic Party of Japan (DPJ) President Ichiro Ozawa will finally face off in a Diet debate today. The two leaders discussed a permanent law governing the dispatch of the Self-Defense Forces (SDF) overseas in their meeting in November. This issue will also take center stage in the debate today.

This will be the first debate between the ruling and opposition party leaders since the one between former Prime Minister Shinzo Abe and Ozawa in the ordinary Diet session last May. After the Fukuda administration was inaugurated, a debate between Fukuda and Ozawa was planned for Oct. 31, but since they held a one-on-one meeting, the debate was cancelled. Even afterwards, both sides planned a party-head debate for Nov. 7 and Dec. 12, but these were also dropped in the aftermath of political turmoil -- the first was due to Ozawa's announcement of resigning as the top leader of his party and the second because of a showdown between the ruling and opposition camps over whether to extend the extraordinary Diet session. A senior DPJ member said: "Since the grand coalition concept that was taken up in the party-head talks drew much attention, we judged it desirable to take time until the dispute over this issue quieted down." Ozawa intends to devote most of the time allocated to him to the pension record-keeping fiasco, which significantly brought down the rate of public support for Prime Minister Fukuda. Ozawa also told in a TV program on Jan. 7: "(In the party-head debate,) I will bring up the pension issue to draw out (clear-cut) replies. The government and the ruling camp have made inconsistent statements and are quite irresponsible." He also plans

to insist that the current provision tariff on the special resources for road construction should be abolished.

The proposed permanent antiterror legislation was regarded in the party-head talks as one of the major themes to be taken up in policy talks on forming a grand coalition. The government has also decided to study legislation with the aim of enacting a related bill in fiscal 2008. Given these circumstances, attention is paid to what approach Ozawa will take on this issue.

Prime Minister Fukuda told reporters yesterday: "I will stand my ground. I am willing to make replies in a sincere manner."

15) US Congressman Honda: Prime Minister Fukuda should take initiative in offering apology to wartime comfort women

ASAHI (Page 4) (Full)

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January 9, 2008

U.S. Congressman Mike Honda (D-CA), who took the leadership last year in adopting a comfort women resolution in the House of Representatives, held a press conference yesterday in Tokyo. The resolution called on Japan to offer a formal apology to comfort women, the Japanese euphemism for foreign women who were forced into sexual slavery to the Japanese Imperial Army. He stated:

"The Japanese government should admit the fact and offer a clear apology. To that end, Prime Minister Yasuo Fukuda will take the leadership so that the Diet will support a decision by the government for historical responsibility."

Honda also stated: "The Japanese general public does not have enough information (about past history) like the U.S. public. I want them to get information and determine what they should do." Honda reportedly visited Japan to boost exchanges with Japanese and South Korean lawmakers.

16) Top leaders of 36 African countries, 70 PERCENT of total, expected to attend TICAD

NIKKEI (Page 2) (Full)
January 9, 2008

The government will host the fourth Tokyo International Conference on African Development (TICAD) in Yokohama in May. Some 36 countries - 70 PERCENT of all nations on the African continent - have told the Japanese government that their top leaders will attend, sources revealed. The figure is 1.5 times the number of the participants in the previous conference. The government will continue its efforts to further encourage African countries to send their top leaders to the upcoming TICAD and increase the number of participants. Japan wants to boost its presence in Africa by hosting TICAD, as China is now on a diplomatic offensive toward Africa.

TICAD was launched in 1993 under Japan's initiative in order to help develop Africa, and it is held in Japan every five years. Just recently Tanzania, Algeria, South Africa, and Mali decided to send their top leaders to the 4th TICAD. Last week Foreign Minister Masahiko Koumura visited Tanzania as the first incumbent foreign minister in 29 years and asked for President Kikwete's cooperation so that as many as African countries as possible would send their top leaders to the 4th TICAD.

China is expanding its aid-oriented diplomacy toward Africa with the aim of securing rare metals and oil resources. In September 2007 China hosted a foreign ministerial session of representatives from 48 African countries in the United Nations Headquarters. With an eye on China's moves, Japan is stepping up its aid to Africa.

17) METI to apply trade insurance to project aimed at reducing emissions of greenhouse gases

YOMIURI (Page 2) (Full)
January 9, 2008

The Ministry of Economy, Trade and Industry (METI) yesterday revealed its plan to apply the trade insurance system to a project the trading house Sumitomo Corporation plans to implement in Indonesia with the aim of reducing emissions of greenhouse gases.

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This will be the first Japanese firm's overseas project intended for the reduction of emissions of greenhouse gases to which trade insurance will be applied. The purpose is to lessen the risk firms that address environmental businesses abroad may suffer and boost their efforts to implement measures against climate change.

Sumitomo Corp. has taken part in a 13-million-dollar (1.4 billion yen) project aimed at collecting methane gas an Indonesian starch company emits in the process of manufacturing starch and using that methane gas as a fuel for private power generation. Sumitomo Corp. finances the projects.

Nippon Export and Investment Insurance (NEXI), an independent administration agency under METI's jurisdiction, will apply "overseas project loan credit insurance" to Sumitomo's financing. This insurance will cover the losses Japanese firms will suffer from uncollectable loans after financing foreign firms. The insurance will cover 97.5 PERCENT of the loan amount. The duration of the insurance to be applied to Sumitomo is three or so years.

The Kyoto Protocol, which obligates every nation to reduce emissions of greenhouse gases, has the Clean Development Mechanism (CDM). If under the CDM, firms in industrialized countries implement projects aimed at cutting emissions of greenhouse gases in developing countries, those firms can get emission quotas. If firms sell their emission quotas to their government, those quotas will help the government to cut emissions of greenhouse gases.

18) Global warming to become serious in Japan by end of this century: Average temperature likely to rise up to 4.7 degrees C

TOKYO SHIMBUN (Top Play) (Full)
January 9, 2008

The Environment Ministry yesterday finalized the results of a simulation it ran regarding the impact of global warming on the Japanese archipelago by the end of this century. According to the simulation, average temperature from 2070 through 2099 would rise 1.3-4.7 degrees Celsius, compared with the level in the 1961-1990 period. The number of sweltering nights would exceed 40, up more than 10 days from the current average in Tokyo. The ministry has also estimated that the frequency of torrential rains and large typhoons involving more than 200 mm of rainfall would also increase.

The simulation was carried out based on the Intergovernmental Panel on Climate Change's (IPCC) climate mode diagnosis program. The simulation adopted three model societies -- one that restrains the globalization of the economy, one that attaches importance to energy balance, and one that has achieved a good balance between environment preservation and economic development. The worst model case of a society that depends completely on fossil fuels was not applied.

The data was submitted to the ministry's committee on the impact of global warming and adaptation for considering what measures Japan should take on the growing impact of global warming.

The IPCC last year released its projection in its fourth assessment report, which noted that the average temperature on earth will rise up to 6.4 degrees by the end of this century.

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The ministry also reported the results of the estimates the Meteorological Agency compiled in 2005 that the average temperature in the 2081-2100 period would rise between 2-3 degrees from the

1981-2000 period. An Environment Ministry Research and Information Office official noted, "Though these are estimates, I must say that even if our society makes efforts to prevent global warming, a rise in temperature by several degrees would be unavoidable. This is an extremely severe situation. We would like to compile an interim report on what measures Japan should take."

19) Savings rate drop to one-third of level 10 years ago, marking record low of 3.2 PERCENT : Wage increase sluggish as nation turns into aging society

MAINICHI (Page 1) (Full)
January 9, 2008

Japanese households' savings rate is rapidly dropping. According to a national economic accounting report for fiscal 2006, released by the Cabinet Office, the household savings rate for that year was 3.2 PERCENT, down from 3.4 PERCENT recorded in fiscal 2004. The figure is the lowest ever since the current calculation standard was adopted in fiscal 1996, dropping 0.3 points from the previous year. The rapid aging of society and sluggish wage growth are ascribable to the drop. The savings rate peaked in fiscal 1997 with 11.4 PERCENT. However, the rate dropped below one-third of the fiscal 1997 level in only 10 years.

The household savings rate indicates the ratio of income saved from disposal income determined by subtracting tax and other expenditures from total household income. It has been said that Japanese like saving money. The household sector enjoyed high savings rate in the past. However, the rate has dwindled with 23.1 PERCENT marked in fiscal 1975 (calculation based on the old standard) as the peak. The sluggish growth in wages due to the deflationary economy in recent years has accelerated the downtrend of the savings rate.

The national income in fiscal 2006 rose 1.8 PERCENT (373.2 trillion yen), compared with the preceding year, backed by upbeat corporate performances. However, the growth of employee compensation (263 trillion yen) paid to employees by employers is 1.3 PERCENT. The labor distribution rate, which indicates the ratio of employee compensation to national income, marked 70.5 PERCENT, down 0.3 points from the previous year. The situation where households are not benefiting from the high income companies are earning is continuing.

DONOVAN